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7 SUPERIOR COURT OF THE STATE OF CALIFORNIA
8 FOR THE COUNTY OF LOS ANGELES
9

10 ENVIRONMENTAL LAW
11 FOUNDATION, Individually and in the
12 public interest,

13 Plaintiff,

14 v.

15 SOUTHERN CALIFORNIA GAS CO., and
16 DOES 1-100, inclusive,


17 Defendant.
18
19

CASE NO. BC364555

[PROPOSED] STIPULATED JUDGMENT

Action Filed: January 11, 2007

Honorable Jane L. Johnson

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BY: 

20 RECITALS

21 WHEREAS,

22 (a) Defendant Southern California Gas Company ("SCG") owns and operates a natural gas storage
23 facility at Playa del Rey, California;

24 (b) Plaintiff Environmental Law Foundation ("ELF") brought this action, in the public interest,
25 against SCG seeking preliminary and permanent injunctive relief and penalties under California's Proposition
26 65, The Safe Drinking Water and Toxic Enforcement Act, California Health and Safety Code §25249.6, et seq.
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1 ("Proposition 65" or "Act"), alleging that SCG violated Act by knowingly discharging BTEX chemicals into or
2 likely into sources of drinking water at the Facility;

3 (c) SCG denies that it has violated Proposition 65 or any other provision of law;

4 (d) ELF, acting in the public interest on behalf of itself and those in privity with it, and SCG
5 (collectively "the Parties") wish to resolve all claims in this action related to Facility as defined below;

6 (e) To that end, and without any admission of liability, the Parties consent to the entry of this
7 Stipulated Judgment;

8 **THEREFORE, THE PARTIES HEREBY AGREE AND IT IS ADJUDGED AND ORDERED**
9 **AS FOLLOWS:**

10
11 **TERMS AND CONDITIONS**

12 **1. Definitions**

13 The following terms are defined as follows:

14 a. **Active Well** – Any well at the Facility that SCG currently uses in connection with the
15 operation of its gas storage field.

16 b. **Abandoned Well** – Any well at the Facility that has been Plugged and Abandoned ("P&A'd")
17 pursuant to California Division of Oil, Gas and Geothermal Resources (hereinafter, "DOGGR")
18 approval, and so is no longer available to monitor pressures or take samples from the well. The
19 Abandoned Wells subject to this Stipulated Judgment are listed on Appendix A hereto.

20 c. **Facility** – SCG's natural gas storage asset at Playa del Rey, CA, consisting of wells, pipes,
21 compressors and other components necessary to inject, store, and withdraw natural gas, including,
22 without limitation, the storage reservoir, and the wells, abandoned or active, within the area of influence
23 of the storage reservoir.

24 d. **Storage Related Gas** – Storage gas is non-native gas that has been brought into and stored at
25 the Facility by SCG. For purposes of this Stipulated Judgment only, the existence of gas with storage
26 gas content ("Storage Related Gas") shall be determined as follows:

27 (1) Wherever required by this Stipulated Judgment, SCG shall collect and analyze gas
28 samples in accordance with SCG's applicable standards and procedures for collection and

sampling. SCG or its designee shall use detection limits sufficient to measure all parameters required by this Stipulated Judgment.

(2) Gas with a verified helium content in excess of thirty (30) parts per million will automatically be treated by SCG as if the gas is Storage Related Gas under this Stipulated Judgment without the need for further testing or analysis, and within ten (10) days after sample results are analyzed, SCG will provide DOGGR and ELF with such sampling results;

(3) Gas with a verified helium content at or below ten (10) parts per million will automatically be treated by SCG as if the gas is not Storage Related Gas under this Stipulated Judgment without the need for further testing or analysis;

(4) Gas with a verified helium content above ten (10) parts per million but at or below thirty (30) parts per million will be determined by SCG to be Storage Related Gas or not to be Storage Related Gas using SCG's applicable standards and procedures for determining the composition and origin of gas, and shall include analysis of C₁ through C₆+, C₇ through C₉, CO₂, N₂, O₂, H₂S, BTEX, and helium content.

(5) Within ten (10) days after sample results are analyzed pursuant to Paragraph (1)(d)(4), SCG will provide DOGGR and ELF with SCG's sample analysis including quality assurance/quality control documents, and its conclusions and reasoning as to whether the gas so analyzed has or has not been determined to be Storage Related Gas. If DOGGR requires SCG to take any remedial, ameliorating, abating, or resolving steps, as a result of the aforesaid results, SCG will do so to DOGGR's satisfaction according to the time frame required by DOGGR. If no time frame is required by DOGGR, SCG shall commence such action within thirty (30) days, subject to the terms of Paragraph 4 ("Impossibility of Performance").

- e. **Sustained Annular Pressure ("SAP")** – A pressure in any well surface casing annulus that is measureable at the wellhead and rebuilds when bled down, not caused solely by temperature fluctuations or imposed by the operator.

1 **2. Soil Gas Investigation, Testing, Monitoring, and Remediation Plan at Active Wells**

2 **A. Continuous Monitoring System**

3 1. SCG shall continuously monitor the pressure of each surface casing annulus in each
4 Active Well at the Facility using Supervisory Control and Data Acquisition (SCADA) technology or telemetry
5 to collect and electronically accumulate pressure data. Continuous monitoring shall be accomplished using
6 calibrated pressure gauges and continue on each well during the Effective Period in Paragraph 8 until it is
7 P&A'd or until gas injection operations at the field have permanently ceased. SCG personnel shall evaluate
8 collected pressure data within twenty-four (24) hours and identify wells that may be subject to SAP warranting
9 further diagnostic testing and possible repair. The system set forth in this paragraph shall be referred to
10 hereinafter as the "Continuous Monitoring System or ('CMS')."

11 2. Upon entry of this Stipulated Judgment by the Court, SCG shall commence the
12 installation of the CMS in its Active Wells at the Facility, except that to the extent CMS is already otherwise
13 installed and operable on an active well, the requirements of this Stipulated Judgment shall commence within
14 sixty (60) days of entry of the Stipulated Judgment. As CMS is installed on additional active wells, SCG shall
15 immediately comply with the Stipulated Judgment as to each such well. Within fifteen (15) months of the entry
16 of this Stipulated Judgment by the Court, the CMS shall be installed and fully operational in all Active Wells at
17 the Facility, unless events beyond SCG's control, as defined in Paragraph (4) ("Impossibility of Performance")
18 below, prevent installation of the CMS at a well. The CMS must remain fully operational during the Effective
19 Period in Paragraph (8) so long as SCG owns and operates the Facility, until all wells are P&A'd, or until SCG
20 or its successors have permanently ceased gas injection operations at the Facility.

21 3. If at any time, all or a portion of the CMS fails, SCG must send personnel to manually
22 record the annulus pressure of each well, on a daily basis, until the automated data collection system is returned
23 to service. Manually collected data shall be entered into the Pressure Database and retained with all
24 electronically accumulated pressure data to ensure a complete electronic record is kept on each well.

25 4. At least once per quarter, SCG personnel shall manually check the annulus pressure
26 readings to verify the SCADA or telemetry system is accurately collecting and storing pressure information.
27 The results of the readings must be recorded.
28

1 **B. Diagnostic Testing**

2 1. Whenever an Active Well's SAP exceeds one hundred (100) pounds per square inch
3 ("psi"), SCG shall initiate the following diagnostic testing using SCG's standard procedures within ten (10)
4 days, and shall complete such diagnostic testing within thirty (30) days:

5 a. Perform, or have performed, immediate sampling and analysis of the gas and
6 any liquids that flow to the surface in such annulus, by venting the annulus to a gas sample
7 collection canister to determine whether it is Storage Related Gas; and

8 b. Conduct a bleed-down test by venting (and collecting for re-use if possible)
9 annulus gas to zero (0) psig. An inability to reduce the annular pressure to zero (0) psig
10 indicates a possible leak; and

11 c. Following the bleed down test on the annulus, close the annular valve and
12 conduct a pressure build up test for at least twenty four (24) hours to examine the rate of
13 pressure re-build. Monitor the adjacent casing annulus to determine if there is casing-to-
14 tubing or casing-to-casing pressure communication during this test.

15 2. The diagnostic testing described above shall be examined to identify wells with SAP.
16 Whenever SCG becomes aware of other indications of leaks in the well casings, cement, or shoe based upon
17 visual inspection of the surface area around any Active Well, or data from various wire line surveys SCG is
18 already required to conduct by DOGGR, including, without limitation, production, noise, or temperature logs,
19 cement evaluation, down-hole video cameras, pressure isolation, or mechanical integrity testing, SCG shall
20 conduct the diagnostic testing set forth in Paragraph (2)(B)(1)(a)-(c) above, in the Active Well at issue. In
21 addition, for a three (3) month period after an Active Well has been tested in accordance with Paragraph
22 (2)(B)(1)(a)-(c) above, and the gas so tested was determined not to be Storage Related Gas, if an Active Well's
23 SAP exceeds one hundred (100) psi again during that same three (3) month period but circumstances related to
24 the pressure buildup have not materially changed, then during that same three (3) month period only SCG may
25 elect simply to vent the gas as provided for in Paragraph (2), rather than conduct the diagnostic testing required
26 by Paragraph(2)(B)(1)(a)-(c) above for that Active Well.

27 3. If at any time the annulus pressure exceeds a Maximum Allowable Annular Pressure
28 (MAAP), SCG shall take immediate action to investigate the cause of such pressure and stop the source of
pressure. The MAAP shall be computed and known for each well based on its age and condition or based on
specific pressure test results.

1 **C. Repair Program**

2 1. If SAP is verified through the diagnostic testing described in Paragraph (2)(B)(1)(a)-(c)
3 above, and if the gas tested is determined to be above ten (10) parts per million helium as defined in Paragraph
4 1(d)(1) whether or not the gas tested is determined by SCG to be Storage Related Gas, SCG shall report such
5 results to DOGGR, in writing, within ten (10) days of completion of the testing. The report to DOGGR shall
6 include a summary of all appropriate information, including but not limited to, the SAP measured in the Active
7 Well, results of all diagnostic tests, sampling and analysis conducted pursuant to this Stipulated Judgment, and,
8 if SCG has determined the gas to be Storage Related Gas or the gas is Storage Related Gas as defined in
9 Paragraph (1)(d)(2), a written proposed course of action for remedying the identified potential leak in
10 accordance with good engineering practices. However, SCG shall not be required to submit a written report or
11 proposed repair plan for Active Well(s) where SCG has previously submitted such a repair plan to DOGGR,
12 DOGGR has approved that plan, and the plan is being implemented under DOGGR's oversight.

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14 2. If DOGGR requires SCG to take any remedial, ameliorating, abating, or resolving
15 steps, in addition to SCG's proposed repair plan, if applicable, as a result of any information provided to
16 DOGGR pursuant to this Stipulated Judgment, SCG will do so to DOGGR's satisfaction according to the time
17 frame required by DOGGR. If no time frame is required by DOGGR, SCG shall commence such action within
18 thirty (30) days, subject to the terms of Paragraph (4) ("Impossibility of Performance") below.

19 3. If SAP is verified through the diagnostic testing described in Paragraph (2)(B)(1)(a)-(c)
20 above, and the gas tested is determined not to be Storage Related Gas, SCG shall have the right to vent such gas
21 in accordance with existing regulations. If SCG chooses to vent the gas in accordance with existing
22 regulations, SCG may use commercially reasonable methods to capture the vented gas or lessen its impact on
23 the environment through one of the following means:

24 a. Capture and channel all the gas for use in SCG's distribution system; or

25 b. Treat the gas prior to venting to the atmosphere using a thermal oxidizer unit or other
26 device that achieves equivalent or better pollution reduction for all of the pollutants removed
27 by a thermal oxidizer.

28 c. Should SCG choose to vent and treat the vented gas using a thermal oxidizer unit or
other device that achieves equivalent or better pollution reduction for all of the pollutants
removed by a thermal oxidizer, SCG shall ensure that, at all times, the thermal oxidizing unit or

1 other device: (1) is in operation; (2) captures all of the gas; (3) is sized appropriately for the
2 amount of gas being treated; (4) is set to treat the mix of compounds found in the gas being
3 treated; (5) meets manufacturer specifications; and (6) is kept in good repair.

4 4. If SCG materially complies with all of the above actions in Paragraphs (2)(A), (B), and
5 (C), ELF waives and shall not pursue any claim against SCG for any form of actual or threatened contamination
6 caused by any volatile organic compound or petroleum hydrocarbon, including benzene, toluene, ethyl benzene,
7 xylene or any other chemical listed in Proposition 65, associated with the Facility, the Active Well, the SAP,
8 and/or the potential leak in question.

9 **3. Soil Gas Investigation, Testing, Monitoring, and Remediation Plan at Abandoned Wells**

10 **A. Bar Hole And Surface Monitoring Analysis**

11 1. If SCG owns the property on which an Abandoned Well is located, then SCG, within
12 sixty (60) days of entry of this Stipulated Judgment, shall sink at least one (1) bar hole, at least four (4) feet in
13 depth, and commence monitoring, pursuant to this Stipulated Judgment, to verify whether methane is detected
14 at or above ten (10) parts per million in any such bar hole.

15 2. If SCG does not own the property on which an Abandoned Well is located, then SCG,
16 within sixty (60) days of entry of this Stipulated Judgment shall commence surface monitoring for methane at
17 the Abandoned Well location, pursuant to this Stipulated Judgment, to verify whether methane is detected at or
18 above ten (10) parts per million. If methane is verified, pursuant to Paragraph (3)(A), at or above ten (10) parts
19 per million at an unimproved Abandoned Well property that SCG does not own, then (i) SCG shall make
20 reasonable inquiry of the property's owner and request permission to be allowed to sink bar holes, in
21 accordance with this Stipulated Judgment, to allow for monitoring and detection of Storage Related Gas at the
22 Abandoned Well pursuant to this Stipulated Judgment, and (ii) if such permission is granted without requiring
23 any form of compensation or monetary consideration from SCG, then SCG shall perform the bar hole
24 monitoring described herein for that Abandoned Well. If such permission cannot be obtained without some
25 form of compensation or monetary consideration from SCG, then SCG shall have no obligation, under this
26 Stipulated Judgment, to perform bar hole monitoring at that Abandoned Well; however, SCG may pursue any
27 further steps it deems appropriate. SCG shall inform ELF of the efforts SCG has undertaken to obtain
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1 permission to perform bar hole monitoring from the owner of the unimproved property at each such Abandoned
2 Well, and of the results of SCG's efforts in this regard. If pursuant to Paragraph (3)(A) methane is verified at
3 or above ten (10) parts per million at an improved Abandoned Well property that SCG does not own, then SCG
4 shall have no further obligation, under this Stipulated Judgment, to perform bar hole monitoring at that
5 Abandoned Well; however, SCG may pursue any further steps it deems appropriate.

6 3. Where bar holes are already in place at an Abandoned Well site on property that is
7 owned by SCG or property that is unimproved, SCG shall, within sixty (60) days of entry of this Stipulated
8 Judgment, commence monitoring, pursuant to this Stipulated Judgment, to verify whether methane is detected
9 at or above ten (10) parts per million in any such bar hole. However, SCG shall have no further obligation,
10 under this Stipulated Judgment, to continue bar hole monitoring at bar holes subject to this Paragraph (3)(A)(3)
11 if SCG does not own the property on which the bar hole is located, and (i) the property is subsequently
12 improved or (ii) the property is unimproved and the property owner requires some form of compensation or
13 monetary consideration from SCG in order to conduct bar hole monitoring pursuant to this Stipulated
14 Judgment; however, SCG may pursue any further steps it deems appropriate. SCG shall inform ELF of the
15 efforts SCG has undertaken to obtain permission to perform bar hole monitoring from the owner of the
16 unimproved property at each Abandoned Well, where bar holes are already in place, and of the results of SCG's
17 efforts in this regard.

18 4. All methane monitoring at surface locations and bar holes subject to this Stipulated
19 Judgment shall be conducted with an optical methane detector (or at least its equivalent).

20 5. Methane monitoring at surface locations and bar holes subject to this Stipulated
21 Judgment shall be conducted twice a year, at six (6) month intervals, in accordance with the standards and
22 procedures employed by SCG in the regular course of business for conducting such methane monitoring, and
23 consistent with this Stipulated Judgment.

24 6. If methane is verified at or above ten (10) parts per million in any bar hole, subject to
25 this Stipulated Judgment, SCG shall obtain gas samples from that bar hole within 10 days and analyze them in
26 accordance with Paragraph (1)(d).
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1 7. All bar hole sample gas obtained pursuant to Paragraph (3)(A) shall be analyzed in
2 accordance with Paragraph (1)(d) above to determine whether such gas is Storage Related Gas.

3 8. If gas is determined to be Storage Related Gas by virtue of the above monitoring and
4 analysis (or by any other method, or by testing for any other reason) at an Abandoned Well subject to bar hole
5 analysis under this Stipulated Judgment, then three (3) additional bar hole gas samples, tested for the chemical
6 constituents set forth in Paragraph (1)(d)(4) above, shall be taken within fourteen (14) days of receipt of the
7 initial sampling results. If Storage Related Gas is identified by such testing, SCG shall provide the results of
8 such testing to DOGGR, within ten (10) days after such results are received, or conducted by, SCG.

9 9. The actions required by this Section shall not limit SCG's responsibilities pursuant to
10 existing health, safety and environmental policies and procedures applicable to the detection of methane at any
11 Abandoned Well property, or the notification of the owner or other resident of such property, whether the
12 property is vacant land or improved with a residence or other building structure.

13
14 **B. Repair Program**

15 1. If DOGGR requires SCG to take any remedial, ameliorating, abating, or resolving
16 steps, as a result of the aforesaid reporting, SCG will do so to DOGGR's satisfaction according to the time
17 frame required by DOGGR. If no time frame is required by DOGGR, SCG shall commence such action within
18 thirty (30) days, dependent on availability of equipment/materials, permits, or access agreements necessary to
19 perform the required work.

20 2. If SCG materially complies with all of the above actions in Paragraphs (3)(A) and (B),
21 ELF waives and shall not pursue any claim against SCG for any form of actual or threatened contamination
22 caused by any volatile organic compound or petroleum hydrocarbon, including benzene, toluene, ethyl benzene,
23 xylene or any other chemical listed in Proposition 65, associated with the Facility, the Abandoned Well, or the
24 potential leak in question.

25 4. **Impossibility Of Performance** – Where implementation of the steps set forth above in
26 Paragraphs (1), (2) and (3), within the deadlines or at the locations or depths specified therein, becomes
27 impossible despite the timely good faith efforts of SCG, due to circumstances beyond the control of SCG or its
28 contractors, including without limitation that: (i) a requirement of this Stipulated Judgment irreconcilably

1 conflict(s) with the rules, regulations, requirements, decisions or orders of any governmental agency; (ii)
2 permitting issues, or equipment or material unavailability, have caused reasonable delays; or (iii) site conditions
3 or a change in legal ownership prevents access, then SCG shall notify ELF in writing within seven (7) days of
4 the date that the impossibility becomes apparent, and shall describe the reason for the potential delay. If
5 requested by ELF, the Parties agree to meet and confer in good faith concerning the delay or impossibility.
6 "Circumstances beyond the control of SCG or its contractors" does not include economic hardship, normal
7 inclement weather, or increased costs of performance; however, nothing in this Stipulated Judgment shall
8 obligate SCG to purchase or acquire any properties, easements, or other access rights not currently held by
9 SCG. In any proceeding to enforce this Stipulated Judgment, it shall be SCG's burden to show that its conduct
10 and the circumstances surrounding its conduct falls within the terms of this paragraph, including that it
11 submitted all work and purchase orders to consultants, vendors or contractors, and/or submitted all necessary
12 permit requests and other necessary or requested documents to all agencies, in a manner designed to comply
13 with the deadlines set forth in this Stipulated Judgment.
14

15 **5. Documentation Program** – SCG shall maintain records on the monitoring program data and
16 any subsequent diagnostic testing and repair programs collected pursuant to this Stipulated Judgment, as well as
17 monitoring data compiled by SCADA to the extent such data is currently uploaded to PiHistorian, for the
18 Effective Period of this Stipulated Judgment, except that monitoring data compiled in SCADA and PiHistorian
19 shall be maintained only for the same time periods and in the same manner that such data is maintained
20 pursuant to SCG's currently existing policy governing such data. In any event, however, SCG shall not be
21 obligated, under this Stipulated Judgment, to maintain records that are older than five (5) years.

22 **6. Reporting** – For one (1) year from entry of this Stipulated Judgment by the Court, SCG shall
23 provide ELF a copy of all documents submitted to DOGGR under the above monitoring program, at the same
24 time the documents are sent to DOGGR. After each one-year period, ELF shall notify SCG if it wishes to
25 continue receiving copies of these documents. If ELF does not notify SCG that it wants to continue receiving
26 such copies, SCG shall no longer be obligated to provide said copies to ELF without further notification to
27 ELF. Further, upon request by the Superior Court of the State of California for the County of Los Angeles,
28 SCG shall provide the Court with information sufficient to demonstrate SCG's compliance with the

1 aforementioned terms. In the case of any dispute regarding the sufficiency of the information provided by SCG
2 hereunder, said dispute shall be resolved by the Court. All documents provided to ELF by SCG under this
3 Stipulated Judgment that are treated by DOGGR as Confidential shall be deemed Confidential and subject to
4 the treatment of Confidential documents and material under the existing Protective Order, which Protective
5 Order is modified as set forth herein and may be further modified by the Parties in writing. The documents
6 received by ELF as a result of this Stipulated Judgment do not need to be destroyed or returned to SCG upon
7 termination of the Effective Period of this Stipulated Judgment.

8 **7. Change in Designation of Source of Drinking Water** – The soil gas investigation, testing,
9 monitoring and remediation plans called for herein shall no longer be required if the designation of the
10 groundwater beneath the Facility is not considered a source of drinking water under Proposition 65 by the
11 applicable California regulatory authorities, including without limitation, the Los Angeles Regional Water
12 Quality Control Board.

13 **8. Effective Period** – The Effective Period of this Stipulated Judgment shall begin on the date this
14 Stipulated Judgment is entered by the Court, and shall continue for a period of five (5) years thereafter, except
15 as provided herein. After the expiration of said five-year period, the Parties may mutually agree to extend the
16 Effective Period of this Stipulated Judgment by mailing written notice to the Court. This Stipulated Judgment
17 and each and every one of its provisions shall remain in full force and preclusive effect for the full duration of
18 its Effective Period. After the Effective Period of this Stipulated Judgment, and with respect only to any
19 actions, events, or conduct of the Parties occurring after said Effective Period, this Stipulated Judgment shall be
20 considered null and void, and of no further legal or preclusive effect; however, each and every one of this
21 Stipulated Judgment's provisions shall nevertheless remain valid, and in full force and effect, as to any and all
22 actions, events, or conduct that occurred prior to or during its Effective Period.

23 **9. Settlement Payment in Lieu of Penalties**

24 **a.** Within thirty (30) days of the date of entry of this Stipulated Judgment, SCG shall pay
25 the following amount to ELF: Six Hundred Fifty Thousand Dollars (\$650,000), to be allocated as determined
26 by ELF after consultation with SCG, with any proposed distribution to be subject to review and approval
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1 pursuant to California Health and Safety Code §25249.7(f). These sums include all attorney fees, costs, and
2 residual settlement to ELF.

3 b. All payments set forth in this section shall be made by certified check, bank check or
4 cashier's check to "Rose, Klein & Marias, LLP Attorney Client Trust Account," and shall be delivered by
5 overnight mail or hand delivery to Rose, Klein & Marias, LLP, Attention: David A. Rosen, 801 South Grand
6 Avenue, 11th Floor, Los Angeles, CA 90017.

7
8 **10. Enforcement Of Stipulated Judgment** – If ELF or SCG contends that the other party has
9 failed to comply with any term of this Stipulated Judgment, the Parties agree to meet and confer within seven
10 (7) days. The Parties shall then have an additional fourteen (14) days to continue or complete the meet and
11 confer process before either party may seek to enforce this Stipulated Judgment.

12 **11. Jurisdiction Retained to Enforce Judgment** – The Honorable Jane Johnson, Judge of the Los
13 Angeles Superior Court, or any successor or replacement judge appointed by the Presiding Judge of the Los
14 Angeles Superior Court, shall retain continuing jurisdiction over the Parties to enforce the terms of this
15 Stipulated Judgment and to resolve any and all disputes relating to, or arising out of, this Stipulated Judgment
16 pursuant to Code of Civil Procedure section 664.6.

17 **12. Releases**

18 (a) General Release. Except for the obligations under this Stipulated Judgment and any other
19 documents to be executed, and conditioned upon transfer of the consideration and receipt of all signed
20 documents set forth herein, the Parties, on behalf of themselves and persons in privity with them, and their
21 successors and assigns, and each of their shareholders, partners, officers, directors, employees, agents, board
22 members, and attorneys, hereby release and discharge each other from any and all claims asserted, or that could
23 have been asserted, in this litigation arising from (i) the facts alleged in the Complaint, the Amended
24 Complaints, or the Pending Actions identified below, (ii) the Proposition 65 Notices served in conjunction with
25 the Complaint, the Amended Complaints, or the Pending Actions, and (iii) any claim related to any form of
26 actual or threatened contamination caused by any volatile organic compound or petroleum hydrocarbon,
27 including benzene, toluene, ethyl benzene, xylene or any other chemical listed in Proposition 65, associated in
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1 any manner with the Facility, including, but not limited to any claims arising under state or federal law that
2 were or could have been asserted arising from the facts alleged in the Complaint, the Amended Complaints, or
3 the Pending Actions.

4 (b) Unknown Claims. It is possible that other claims, injuries, damages, discharges, releases, or
5 alleged penalty liabilities within the scope of the released claims, but which are not currently known or
6 understood by the Parties, will develop or be discovered after the entry of this Stipulated Judgment.
7 Notwithstanding this possibility, this Stipulated Judgment and the foregoing release is expressly intended to
8 include all such claims, injuries, damages, discharges, releases, or alleged penalty liabilities, including all rights
9 of action therefore. Each party hereby expressly, knowingly, and voluntarily waives the provisions of Section
10 1542 of the California Civil Code, which provides as follows:

11 "A general release does not extend to claims which the creditor does not
12 know or suspect to exist in his favor at the time of executing the release,
13 which if known to him must have materially affected his settlement with
14 the debtor."
15

16 **13. Dismissal of Pending Actions** – The current action (*Environmental Law Foundation v.*
17 *Southern California Gas Company*, LASC Case No. BC364555) shall be deemed dismissed with prejudice
18 upon entry of this Stipulated Judgment and payment of the consideration set forth herein; however, because the
19 current action remains subject to the Court's retention of jurisdiction until the Effective Period specified in
20 Paragraph (8) is terminated or expires, the Court shall retain custody and control of the case file for the current
21 action despite such dismissal until it is notified of the termination or expiration of the Effective Period specified
22 in Paragraph (8). Upon entry of this Stipulated Judgment and payment of the consideration set forth herein,
23 ELF shall dismiss with prejudice *Environmental Law Foundation v. Southern California Gas Company*, LASC
24 Case No. BC471449, and any other pending or unserved action between the Parties. The current action and all
25 other actions referred to in this paragraph are hereinafter referred to as the "Pending Actions."

26 **14. Fees and Costs** – Other than the Settlement Payment set forth in Paragraph (9), each party
27 shall bear its own attorneys' fees, expert fees, and costs incurred in the dismissed actions and any proceedings
28 to enforce this Stipulated Judgment, and each party waives any right to apply for an award of attorneys' fees,

1 expert fees, or costs incurred in the dismissed actions and any proceedings to enforce this Stipulated Judgment
2 under any provision of law.

3 **15. No Admission of Liability** – This Stipulated Judgment is entered into in compromise of
4 disputed claims, the existence of any liability for which is expressly denied. The Parties agree that this
5 Stipulated Judgment shall not be deemed or construed for any purpose as an admission of liability or
6 responsibility for or participation in any unlawful or wrongful act at any time by any party hereto or any other
7 person or entity. In particular, SCG has not agreed to, approved of, or consented to payment of any penalties in
8 this matter, but rather the payment provided for herein is being made solely to avoid the uncertainty and
9 expense of continued litigation activity.

10 **16. SCG's Public Statement** – Following entry of this Stipulated Judgment, SCG may issue a
11 public statement and field resulting inquiries regarding the litigation or the Stipulated Judgment. To the extent
12 that SCG desires to issue a public statement, it shall consist of the following: "ELF and SCG have amicably
13 resolved litigation between them regarding SCG's Playa del Rey natural gas storage facility. As a result, SCG
14 will conduct, on an ongoing basis, additional monitoring of the active and abandoned well systems at the
15 facility to ensure that the Parties and regulatory authorities have additional comprehensive information to
16 monitor and test for any potential storage gas migration from those wells and assist SCG in any required
17 remedial activities. This resolution will enable SCG to continue to operate its facility in a safe manner that
18 protects the environment, and SCG is appreciative of ELF's efforts on behalf of the public in advocating for
19 and supporting this monitoring and testing program." Notwithstanding this provision, either party hereto may
20 make truthful statements to regulatory authorities regarding this litigation or the Stipulated Judgment if required
21 to do so, without further notification or approval.

22 **17. Notices** – Whenever notice or a document is required to be sent to ELF, it shall be sent to:

23 James Wheaton
24 Environmental Law Foundation
25 1736 Franklin Street, 9th Floor
26 Oakland, CA 94612
27
28

Whenever notice or a document is required to be sent to SCG, it shall be sent to:

Cranston Williams
Office of the General Counsel
Southern California Gas Company
555 W 5th Street
Los Angeles, CA 90013

Storage Operations Manager - Playa del Rey
Southern California Gas Company
8141 Gulana Avenue
Playa del Rey, CA 90293

18. Severability – In the event that the Court does not approve all or any portion of this Stipulated Judgment, the Parties shall confer in good faith to meet those objections. Should the Parties be unable to obtain approval of the Court, the terms of this Stipulated Judgment shall not go into effect. After this Stipulated Judgment has gone into effect, if any portion of the Stipulated Judgment is thereafter found to be illegal, invalid, unenforceable, or otherwise without legal force or effect, by a Court of competent jurisdiction, the remainder of the Stipulated Judgment will remain in force and be fully binding.

19. Entire Agreement – This Stipulated Judgment constitutes the entire agreement and understanding between the Parties. All agreements or representations, expressed or implied, of the Parties with regard to this subject matter are contained in this Stipulated Judgment. The Parties acknowledge that there are no other warranties, promises, assurances or representations of any kind, expressed or implied, upon which the Parties have relied in entering into this Stipulated Judgment. All prior representations, understandings and agreements between the Parties concerning settlement are superseded by this Stipulated Judgment. The terms of this Stipulated Judgment shall not be changed, revised, or modified except by written agreement signed by the Parties to this Stipulated Judgment and shall not take effect until approved by the Court.

20. Acknowledgment of Terms – The Parties have read and understood the terms of this Stipulated Judgment, have had the opportunity to consult with counsel regarding those terms, and understand and acknowledge the significance and consequence of each such term.

21. Parties Affected – This Stipulated Judgment shall be binding upon and inure to the benefit of the general public, and the Parties hereto, and their respective heirs, predecessors, successors, affiliated companies, subsidiaries, officers, directors, shareholders, partners, trustees, employees, assigns, executors, administrators, agents and attorneys, and all persons and/or entities connected with or in privity with each of them as provided herein. Notwithstanding the foregoing, ELF shall not assign, nor shall any entity or individual obtain, ELF's rights and obligations under this Stipulated Judgment.

1 **22. Legal Advice** – Each of the parties has received independent legal advice from legal counsel of
2 its choice with respect to the advisability of entering into the Stipulated Judgment and the terms provided for
3 hereunder, and with respect to the advisability of executing this Stipulated Judgment. Each party's attorney has
4 reviewed the Stipulated Judgment at length, made any desired changes, and signed the agreement to indicate the
5 attorney approved the agreement as to form.

6 **23. Good Faith Provision** – The Parties agree to cooperate fully, reasonably, and in good faith in
7 the implementation of this Stipulated Judgment. The Parties shall cooperate in obtaining court approval and
8 resolving any objections hereto raised by government agencies, including the Attorney General, to this
9 Stipulated Judgment. The Parties also agree to execute any and all supplemental documents, and to take all
10 additional lawful and reasonable actions which may be necessary or appropriate to give full force and effect to
11 the basic terms and to fully implement the goals and intent of this Stipulated Judgment.

12 **24. Warranty** – Each party warrants that (a) the person executing this Stipulated Judgment is fully
13 authorized to do so and to enter into the terms and conditions hereof; and (b) the claims being released pursuant
14 to this Stipulated Judgment have not been assigned or otherwise transferred to any other person or entity.

15 **25. Governing Law** – This Stipulated Judgment shall be construed and enforced in accordance
16 with the laws of the State of California where it is deemed to have been executed and delivered.

17 **26. Construction** – This Stipulated Judgment is the product of negotiation and preparation by and
18 among each party hereto and their respective attorneys. Accordingly, the Stipulated Judgment shall not be
19 construed against the party preparing it. The section headings are included for convenience only and are not
20 intended to be operative as part of this Stipulated Judgment.

21 **27. Execution of Documents** – The Parties agree to execute this Stipulated Judgment and all such
22 other documents as are reasonably necessary to effect the terms and conditions of this Stipulated Judgment.
23 The Stipulated Judgment may be executed in counterparts, each of which shall be considered an original.

24 **28. Return of SCG's Documents** – The Parties agree that upon entry of this Stipulated Judgment
25 by the Court all documents produced in the Pending Actions by SCG shall be deemed Confidential, and subject
26 to the treatment of Confidential documents and material under the existing Protective Order. In addition, all
27 SCG documents produced by SCG, and within the possession, custody or control of ELF or its experts and
28

1 consultants, including all paper documents, electronic documents, and electronically stored information of
2 SCG, shall be returned to SCG by ELF, with SCG to pay for all shipping charges associated therewith, within
3 thirty (30) days after this Stipulated Judgment is entered by the Court.

4 APPROVED AS TO SUBSTANCE:

5 Dated: 12/12/11

ENVIRONMENTAL LAW FOUNDATION

6
7 By [Signature]
8 James Wheaton
General Counsel of Environmental Law Foundation

9 Dated: _____

SOUTHERN CALIFORNIA GAS COMPANY

10
11 By _____
12 J. Bret Lane
Officer of Southern California Gas Company

13 APPROVED AS TO FORM:

14 ROSE, KLEIN & MARIAS LLP

15 By [Signature]
16 David Rosen
Attorneys for Plaintiff
Environmental Law Foundation

17 VENSUS & ASSOCIATES, P.C.

18 By _____
19 Sabrina Venskus
Attorneys for Plaintiff
20 Environmental Law Foundation

21 ARNOLD & PORTER LLP

22 By _____
23 Brian Condon
Attorneys for Defendant Southern California
24 Gas Company

25 IT IS SO ORDERED, ADJUDGED AND DECREED.

26 Dated: _____

27 _____
Honorable Jane L. Johnson
Judge of the Superior Court

28 31061374v2

1 consultants, including all paper documents, electronic documents, and electronically stored information of
2 SCG, shall be returned to SCG by ELF, with SCG to pay for all shipping charges associated therewith, within
3 thirty (30) days after this Stipulated Judgment is entered by the Court.

4 APPROVED AS TO SUBSTANCE:

5 Dated: _____

ENVIRONMENTAL LAW FOUNDATION

6 By _____

7 James Wheaton
8 General Counsel of Environmental Law Foundation

9 Dated: 12/12/2011

SOUTHERN CALIFORNIA GAS COMPANY

10 By J. Bret Lane

11 J. Bret Lane
12 Officer of Southern California Gas Company

13 APPROVED AS TO FORM:

14 ROSE, KLEIN & MARIAS LLP

15 By David Rosen

16 David Rosen
17 Attorneys for Plaintiff
18 Environmental Law Foundation

VENSKUS & ASSOCIATES, P.C.

19 By _____

20 Sabrina Venskus
21 Attorneys for Plaintiff
22 Environmental Law Foundation

ARNOLD & PORTER LLP

22 By Brian Condon

23 Brian Condon
24 Attorneys for Defendant Southern California
25 Gas Company

26 IT IS SO ORDERED, ADJUDGED AND DECREED.

27 Dated: _____

Honorable Jane L. Johnson
Judge of the Superior Court

28 31061374v2

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4 APPROVED AS TO SUBSTANCE:

5 Dated: _____
6

ENVIRONMENTAL LAW FOUNDATION

7 By _____
8 James Wheaton
General Counsel of Environmental Law Foundation

9 Dated: _____
10

SOUTHERN CALIFORNIA GAS COMPANY

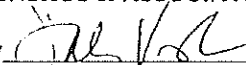
11 By _____
12 J. Bret Lane
Officer of Southern California Gas Company

13 APPROVED AS TO FORM:

14 ROSE, KLEIN & MARIAS LLP

15 By _____
16 David Rosen
Attorneys for Plaintiff
Environmental Law Foundation

17 VENSKUS & ASSOCIATES, P.C.

18 By  _____
19 Sabrina Venskus
Attorneys for Plaintiff
Environmental Law Foundation

21 ARNOLD & PORTER LLP

22 By _____
23 Brian Condon
Attorneys for Defendant Southern California
24 Gas Company

25 IT IS SO ORDERED, ADJUDGED AND DECREED.

26 Dated: _____
27

Honorable Jane L. Johnson
Judge of the Superior Court

28 31061374v2

ABANDONED WELLS¹

1.	Allied Petroleum #17	42	Townsite #6
2.	Big Ben #3	43	Townsite #6
3.	29-1	44	Troxel #1
4.	29-2	45	Florence M. Brauer
5.	Milham #2	46	M.H. Bush & N.M. Webb #2
6.	Samarkand #1	47	Townsite #1
7.	23-1	48	Townsite #4
8.	Dunlap #1	49	George Walters #1
9.	Big Ben #2	50	Townsite #5
10.	Big Ben #1	51	Block #10-R
11.	Crest #1	52	Block #11
12.	Anglo American Champ #1	53	J.D. Langford & Co. #1
13.	Dunlap #2	54	Pacific Oil Inv. Co. Ltd.
14.	Rite Lube #1	55	Harry Blank Cain #1
15.	Joyce #1	56	Meier Oil Co. Ltd. #1
16.	LorMar #1	57	J.C. Hans Meyer Oil Co. #3
17.	Kelly #1	58	Banks & Hans Meyer "Wood" #1
18.	Colly #2	59	Trans-California Oil Co. Ltd. #1
19.	Merrill #1	60	David D. Beyer Hunter #1
20.	13-1	61	Lyman Hisey Hunter #2
21.	12-1	62	J.C. Hans Meyer Oil Co. #10
22.	Embee #1	63	Birch-Rover Oil Co. Lovell Comm. #1
23.	Coast #1	64	J.C. Hans Meyer Oil Co. #8
24.	O & M #1	65	Davidson Oil Co. #5
25.	Andrew Lucas Inglewood Ext #1	66	V-1 J.D. Rush
26.	Colly #10	67	Midway Supply Co.
27.	Hisey #1	68	Del Rey #16
28.	R.K. Oil #1	69	Transwestern #1
29.	SCP #2		
30.	King #1		
31.	Metropolitan #1		
32.	Texaco Inc. Inglewood Ext #1		
33.	Vidor #4		
34.	Del Rey #7		
35.	Del Rey #8		
36.	SCG #1		
37.	Del Rey #6		
38.	Townsite #2		
39.	Blue Ridge #1		
40.	Townsite #3		
41.	Townsite #11		

¹ These are the abandoned wells to be monitored pursuant to the Stipulated Judgment, which wells are those wells that SoCalGas has monitored as part of its bi-annual abandoned well leakage surveys, and which are identified in Maximo work orders relating thereto.